

Message Text

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LIMDIS

E.O. 11652: GDS

TAGS: OVIP, TH (MONDALE, WALTER F.)

SUBJECT: VICE PRESIDENT'S TRIP: TALKING POINTS

1. FOLLOWING PARAS CONTAIN SUMMARY LIST OF TALKING POINTS
FOR VICE PRESIDENT AS CONDENSED FROM ISSUES PAPER.
VICE PRESIDENT DEPARTED WASHINGTON APRIL 28. EMB MAY, OF
COURSE, WISH TO UPDATE ANY ISSUES WITH OFFICIAL PARTY ON
ARRIVAL. BEGIN TEXT.

SUMMARY OF TALKING POINTS

A. ISSUES WE WILL RAISE

INVITATION FOR PRIME MINISTER'S VISIT

-- DELIVER THE PRESIDENT'S LETTER TO PM KRIANGSAK.

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-- INDICATE THAT THE U.S. LOOKS FORWARD TO RECEIVING
THE PRIME MINISTER ON AN OFFICIAL VISIT AT A MUTUALLY
CONVENIENT TIME.

(IF AN INVITATION IS RE-EXTENDED TO PRESIDENT CARTER)

-- EXPRESS GRATITUDE AND ASSURANCE THAT PRESIDENT CARTER
WOULD HOPE TO HAVE AN OPPORTUNITY TO ACCEPT. NOTE THAT

PRESSING DOMESTIC AND FOREIGN MATTERS PREVENT HIM FROM

TRAVELLING TO ASIA THIS YEAR. ASSURE THEM YOU WILL RELAY THE RENEWED THAI INVITATION ON YOUR RETURN.

THE U.S. POSTURE IN ASIA

-- WE ARE NOT DIMINISHING OUR INVOLVEMENT IN THE AREA. OUR TRADE AND INVESTMENT IN ASIA ARE GROWING RAPIDLY. WE PLAN TO MAINTAIN OUR CURRENT LEVEL OF COMBAT CAPABILITIES IN THE REGION LEAVING ASIDE KOREA TROOP WITHDRAWALS. OUR AID PROGRAMS ARE GROWING.

-- THE U.S. VALUES AND WANTS TO MAINTAIN OUR SPECIAL FRIENDSHIP AND CLOSE RELATIONS WITH THAILAND. WE WILL CONTINUE OUR BILATERAL ECONOMIC AND MILITARY SUPPORT, ENCOURAGE ADDITIONAL ECONOMIC ASSISTANCE FROM OTHERS, AND ENHANCE OUR RELATIONS WITH ASEAN.

-- OUR BASES IN THE PHILIPPINES ARE A VITAL AND INTEGRAL PART OF OUR CAPABILITY IN SOUTHEAST ASIA, AND WE EXPECT TO CONTINUE TO USE THEM AS IN THE PAST. (MY TALKS WITH PRESIDENT MARCOS ON THIS ISSUE WERE VERY POSITIVE.)

-- COMMENT FAVORABLY ON THAI INITIATIVES TOWARDS THE PRC
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AND THE INDOCHINESE STATES, AND INDICATE THAT WE HAVE PARALLEL OBJECTIVES TOWARD CHINA AND INDOCHINA. ASK KRIANGSAK FOR HIS VIEWS ON VIETNAM-CAMBODIAN HOSTILITIES AND HIS EVALUATION OF THE FOREIGN POLICIES OF CHINA, VIETNAM, LAOS AND CAMBODIA AS THEY RELATE TO THAILAND, TO ASEAN AND TO THE U.S.

(IF PRESSED ON THE QUESTION OF U.S. GUARANTEES IN THE EVENT OF EXTERNAL AGGRESSION)

-- THE U.S. CONTINUES TO HONOR THE MANILA PACT AND WOULD ACT TO MEET A COMMON DANGER IN ACCORDANCE WITH OUR CONSTITUTIONAL PROCESS. THAT PROCESS WOULD TAKE INTO ACCOUNT THE PREVAILING CIRCUMSTANCES.

U.S. SECURITY ASSISTANCE TO THAILAND

-- GIVEN THE UNCERTAINTIES OF THE SITUATION, THAILAND HAS VALID REASONS FOR WISHING TO STRENGTHEN ITS DEFENSE CAPABILITIES. WITHIN OUR GENERAL POLICY OF RESTRAINT ON ARMS TRANSFERS, THERE IS ROOM FOR THAILAND TO CONTINUE PURCHASING ESSENTIAL MILITARY EQUIPMENT THROUGH THE FMS SYSTEM.

-- THE U.S. IS PREPARED IN PRINCIPLE TO SELL AN ADDITIONAL SQUADRON OF 18 F-5 AIRCRAFT (TO REPLACE AGING T-28'S). THE EMBASSY CAN PROVIDE DETAILED PLANNING AND BUDGETING (P&B)

DATA SHORTLY.

-- THE U.S. HAS PROPOSED TO CONGRESS FOR FY 79 AN FMS FINANCING LEVEL OF \$30 MILLION. THIS PROGRAM IS DESIGNED TO HELP THAILAND MEET ITS PRIORITY DEFENSE NEEDS. THE FY 1980 BUDGET PROCESS HAS NOT YET BEGUN AND ANY DECISION WILL ALSO REFLECT CONGRESSIONAL AUTHORIZATION (AND CONGRESSIONAL ATTITUDES TOWARD THAILAND). HOWEVER, WE WILL GIVE SYMPATHETIC CONSIDERATION TO REQUESTS FOR SECRET

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INCREASING FMS LEVELS. FMS CASH SALES ARE ALSO AVAILABLE.

NARCOTICS CONTROL

-- ACKNOWLEDGE THE THAI GOVERNMENT EFFORT TO STAUNCH THE FLOW OF HEROIN THROUGH THAILAND, NOTING RECENT SEIZURES OF NARCOTICS AND ARREST OF TRAFFICKERS UNDERSCORE THE RTG COMMITMENT.

-- EFFECTIVE ACTIONS AGAINST THE SHAN UNITED ARMY AND ITS LEADER CHANG CHI-FU IS IMPORTANT FOR MORE EFFECTIVE NARCOTICS CONTROL AND FOR THAI-BURMESE COOPERATION.

-- INDICATE U.S. PREPAREDNESS TO OFFER FINANCIAL AND TECHNICAL ASSISTANCE THROUGH THE STATE DEPARTMENT'S INTERNATIONAL NARCOTICS CONTROL FUNDS FOR THE CROP SUBSTITUTION WORK IN THE MAE CHAEM WATERSHED AND TO GIVE FULL AND PROMPT ATTENTION TO ANY SPECIFIC RTG PLAN.

-- THE ASSISTANCE WE ARE OFFERING WILL COMPLEMENT LONG-TERM SUPPORT FOR INTEGRATED HIGHLAND WATERSHED CONSERVATION AND DEVELOPMENT. AS SOON AS THAI PLANS ARE READY, WE ARE PREPARED TO PROVIDE SUPPORT AND TO SEEK AID FROM MULTINATIONAL SOURCES AND OTHER COUNTRIES SUCH AS JAPAN.

(IF ASKED FOR U.S. EQUIPMENT TO HELP FORM A SPECIALIZED POLICE NARCOTICS UNIT)

-- OFFER TO GIVE SERIOUS USG CONSIDERATION TO ANY DETAILED THAI PROPOSAL FOR IMPROVED NARCOTICS ENFORCEMENT.

INDOCHINESE REFUGEES

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-- COMMEND THAILAND'S HUMANITARIAN RESPONSE TO THE PLIGHT OF INDOCHINESE REFUGEES. RECOGNIZE THE PROBLEMS -- ECONOMIC, SOCIAL AND POLITICAL THIS HAS CAUSED FOR THAILAND

WHILE STRESSING OUR VIEW THAT HOSPITALITY TO REFUGEES MAKES AN IMPORTANT CONTRIBUTION TO HUMAN RIGHTS.

-- THE PRESIDENT HAS RECENTLY CONFIRMED THAT THE U.S. WILL CONTINUE TO ASSIST THAILAND AND THE UNHCR IN CARING TEMPORARILY FOR THESE REFUGEES AND IN TAKING SIGNIFICANT NUMBERS FOR RESETTLEMENT IN THE UNITED STATES FROM SOUTH-EAST ASIA. WE WILL BE ABLE TO TAKE UP TO 25,000 A YEAR FROM SOUTHEAST ASIA. WELL OVER HALF WILL BE FROM THAILAND. AUSTRALIA, FRANCE AND OTHERS WILL TAKE MORE. (FURTHER DETAILS ON THE U.S. PROGRAM WILL BE PROVIDED PENDING AN IMMINENT DECISION BY THE ATTORNEY GENERAL.)

-- IT IS ESSENTIAL, HOWEVER, THAT THE THAI GOVERNMENT NOT FORCE REFUGEES BACK AGAINST THEIR WILL. WE STRONGLY OPPOSE FORCED REPATRIATION. CONTINUED ACCEPTANCE OF BOAT CASES IS ALSO ESSENTIAL.

-- IN ORDER TO HELP ACCELERATE IMPLEMENTATION OF THE U.S. PROGRAM, AN INS OFFICER WILL BE ASSIGNED TO OUR REFUGEE OFFICE IN BANGKOK.

-- THE U.S. IS ALSO READY TO WORK WITH THE UNHCR AND OTHER DONORS TO SUPPORT SELF-SUFFICIENCY IN THAILAND FOR A NUMBER OF REFUGEES (PRIMARILY LAO). THIS COULD BE DONE THROUGH RURAL RESETTLEMENT PROJECTS WHICH WOULD BENEFIT THAI AS WELL AS THE REFUGEES, AND IN THE FORM OF SUPPORT FOR REFUGEE INTEGRATION INTO URBAN AREAS WHERE THERE MIGHT BE EMPLOYMENT.

-- WE RECOGNIZE THE EXTREME SENSITIVITY OF THIS ISSUE AND THAT YOU MUST JUDGE HOW BEST TO SOLVE IT. HOWEVER, WHEN
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YOU COME UP WITH A SPECIFIC PLAN WE WILL BE READY TO LEND OUR SUPPORT BY MAKING A SUBSTANTIAL FINANCIAL CONTRIBUTION IN SUPPORT OF RESETTLEMENT PROJECTS.

ASEAN

-- ASK KRIANGSAK'S ASSESSMENT OF ASEAN AND HOW WE CAN PLAY A SUPPORTIVE ROLE.

-- WELCOME A CONTINUING DIALOGUE BETWEEN OURSELVES AND ASEAN. LAST YEAR'S MEETING WAS A GOOD START AND WE HOPE TO BUILD ON IT AT THIS YEAR'S MEETING IN WASHINGTON.

-- THE ASEAN MINISTERIAL-LEVEL MEETING WILL ENHANCE AMERICAN PUBLIC AWARENESS OF ASEAN SINCE IT WOULD INCLUDE A MEETING WITH THE PRESIDENT, THE PARTICIPATION OF CABINET

SECRETARIES, MEETINGS WITH CONGRESS AND MAXIMUM PRESS,

ACADEMIC AND BUSINESS EXPOSURE.

-- WE FAVOR THE FORMATION OF A JOINT US-ASEAN BUSINESS COUNCIL AS AN EXCELLENT MECHANISM FOR PROMOTING EXPANDED TRADE AND INVESTMENT RELATIONS. WE HAVE ENCOURAGED THE U.S. CHAMBER OF COMMERCE TO MOVE IN THIS DIRECTION.

-- WE ARE READY TO FORM A US-ASEAN WORKING GROUP WHICH COULD CONSIDER PROBLEMS AND POSSIBLE SOLUTIONS TO THE ENERGY NEEDS OF THE REGION.

HUMAN RIGHTS

-- NOTE FAVORABLY PROGRESS UNDER KRIANGSAK ON IMPROVING THE HUMAN RIGHTS SITUATION IN THAILAND AND THE THAI GOVERN-
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MENT'S INTENTION TO REDUCE THE DISPARITY BETWEEN THE URBAN RICH AND RURAL POOR.

-- EXPRESS THE HOPE THAT THIS TREND WILL CONTINUE.

-- EXPRESS ENCOURAGEMENT FOR THAI EFFORTS TO DRAFT A NEW PERMANENT CONSTITUTION AND TO HOLD GENERAL ELECTIONS WITHIN A YEAR.

ENERGY COOPERATION

-- WE ARE PLEASED THAT THE THAI GOVERNMENT AND AMERICAN FIRMS ARE WORKING TOGETHER ON NATURAL GAS DISCOVERY AND EXPLOITATION. WE HOPE THAT THE THAI GOVERNMENT AND THE PETROLEUM COMPANIES SOON WILL REACH AGREEMENT ON THE ISSUE OF GAS PRICING, SO THAT PRODUCTION CAN BEGIN.

-- WE REALIZE THAILAND IS ALSO INTERESTED IN ITS ENERGY ALTERNATIVES. THE U.S. IS PREPARED TO EXPLORE POSSIBLE COOPERATION IN ENERGY PLANNING AND RESOURCE ASSESSMENT. WE ARE PREPARED TO SEND AN EXPERT TEAM TO THAILAND IN THE NEAR FUTURE TO DISCUSS POSSIBILITIES FOR JOINT WORK IN THIS AREA.

FOOD

-- PRAISE THE THAI FOURTH FIVE-YEAR DEVELOPMENT PLAN (1977-1981) AND INDICATE THAT THE UNITED STATES INTENDS TO PROVIDE ASSISTANCE TO SUPPORT INTEGRATED RURAL DEVELOPMENT.

-- NOTE THAT THAI AGRICULTURAL PRODUCTIVITY PER HECTARE IS SURPRISINGLY LOW. IN AN AGE OF RISING POPULATIONS,

ESPECIALLY IN ASIA, THOSE COUNTRIES THAT ARE CAPABLE SHOULD

PRODUCE MORE TO MEET FUTURE WORLD FOOD NEEDS.

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-- INDICATE WILLINGNESS OF U.S. AND AUSTRALIA TO WORK WITH THAILAND TO MEET REGIONAL GRAIN NEEDS. THIS COULD INCLUDE COOPERATING IN A CONCERTED EFFORT TO EXPAND ASIAN AGRICULTURAL PRODUCTION AND ESTABLISHING AN INTERNATIONAL GRAIN RESERVE UNDER THE INTERNATIONAL WHEAT AGREEMENT.

MULTILATERAL TRADE NEGOTIATIONS (MTN)

-- THE UNITED STATES HAS COMMITTED ITSELF TO SEEKING SIGNIFICANT RESULTS IN THE MTN BY MID-JULY. WE STRONGLY URGE OTHERS TO JOIN US WHOLE-HEARTEDLY IN THIS ENDEAVOR.

-- IT IS IN THE INTEREST OF ALL COUNTRIES TO PARTICIPATE TO THE UTMOST IN THE MTN. THESE NEGOTIATIONS ARE VERY LIKELY TO DETERMINE THE SHAPE OF THE TRADING SYSTEM, AND THE CONDITIONS UNDER WHICH COUNTRIES IMPORT AND EXPORT FOR THE NEXT DECADE OR MORE.

-- WE BELIEVE THAT ALL COUNTRIES WILL BENEFIT FROM THE MTN AND THAT THE PROSPECT OF THESE BENEFITS WILL BE GREATLY ENHANCED IF EACH COUNTRY CONTRIBUTES TO THE MTN TO THE BEST OF ITS ABILITY.

-- THE UNITED STATES RECOGNIZES THE DIFFICULTIES OF THE DEVELOPING COUNTRIES AND WE ARE PREPARED TO BE FLEXIBLE IN OUR APPROACH TO LDC CONTRIBUTIONS. WE BELIEVE THAT TRADE LIBERALIZATION OFFERS THE GREATEST BENEFITS TO THE NEGOTIATIONS CONSISTENT WITH THEIR INDIVIDUAL TRADE, FINANCIAL AND DEVELOPMENT NEEDS.

-- WE URGE THAILAND, AS A POSSIBLE CONTRIBUTION IN THE MTN, TO JOIN THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT).

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ECONOMIC ASSISTANCE

-- AS EVIDENCE OF OUR CONTINUING SUPPORT FOR THE CURRENT THAI DEVELOPMENT PLAN, YOU ARE PLEASED TO PRESIDE WITH THE PRIME MINSITER AT THE SIGNING OF A \$5.5 MILLION LOAN AGREEMENT TO PROVIDE RURAL PRIMARY HEALTH CARE.

VISIT BY THE CROWN PRINCE (TO BE USED WITH THE KING)

-- A PRIVATE VISIT TO THE U.S. BY THE CROWN PRINCE OR ONE OF THE PRINCESSES WOULD BE WELCOME.

B. ISSUES THEY MAY RAISE

PRIVATE U.S. INVESTMENT

-- IF ASKED ABOUT THE POTENTIAL FOR FURTHER U.S. PRIVATE INVESTMENT IN THAILAND, YOU MAY ALLUDE TO THE DIFFICULTIES SOME AMERICAN INVESTORS ARE ENCOUNTERING INCLUDING ARBITRARY TAX AND CUSTOMS ASSESSMENTS AND OTHER BUREAUCRATIC ACTIONS WHICH CONTINUE TO RESTRAIN INVESTMENT.

-- (IF ASKED) IN PROPOSING THE PHASING OUT OF TAX DEFERRAL ON EARNINGS OF AMERICAN SUBSIDIARIES OVERSEAS, THE PRESIDENT HAS TAKEN INTO ACCOUNT DOMESTIC AS WELL AS FOREIGN CONSIDERATIONS. UNDER THE ADMINISTRATION'S TAX PROPOSALS, CONTINUED DEFERRAL COULD BE NEGOTIATED AS PART OF A BILATERAL INCOME TAX TREATY. A REDUCTION IN THE GENERAL CORPORATE TAX RATE IS ALSO PART OF THE TAX PROPOSALS; SUCH A REDUCTION WOULD GREATLY REDUCE THE IMPACT OF TERMINATING DEFERRAL.

END TEXT. VANCE

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